

**CITY OF LUCAS, KANSAS**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**  
**For the Year Ended December 31, 2012**

**CITY OF LUCAS, KANSAS**

**For the Year Ended December 31, 2012**

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## GUDENKAUF & MALONE, INC.

### Shareholder

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### Shareholder

James Malone, CPA

### **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of Lucas, Kansas

We have audited the accompanying summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Lucas, Kansas, a municipality, as of and for the year ended December 31, 2012, and the related notes to the financial statement.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note A to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the Kansas Municipal Audit and Accounting Guide. Those standards and the KMAAG require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note A of the financial statement, the financial statement is prepared by the City of Lucas, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present

fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Lucas, Kansas as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

*Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Lucas, Kansas as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note A.

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the 2012 basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 basic financial statement. The 2012 information has been subjected to the auditing procedures applied in the audit of the 2012 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2012 basic financial statement or to the 2012 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2012 supplementary information is fairly stated in all material respects in relation to the 2012 basic financial statement as a whole, on the basis of accounting described in Note A.

The 2011 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget, (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2011 basic financial statement upon which we rendered an unqualified opinion dated August 9, 2012. The 2011 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 basic financial statement. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 basic financial statement or to the 2011 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 comparative information is fairly stated in all material respects in relation to the 2011 basic financial statement as a whole, on the basis of accounting described in Note 1.

Gudenkauf & Malone, Inc.  
August 28, 2013  
Russell, Kansas

**CITY OF LUCAS, KANSAS**  
**Summary Statement of Receipts, Expenditures and Unencumbered Cash**  
**Regulatory Basis**  
**For the Year Ended December 31, 2012**

Statement 1

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payables	Ending Cash Balance
GENERAL FUND	\$ 31,960	\$ -	\$ 173,611	\$ 139,264	\$ 66,307	\$ 7,867	\$ 74,174
SPECIAL PURPOSE FUNDS:							
Library	70	-	6,585	6,585	70	-	70
Airport	839	-	37,963	34,142	4,660	-	4,660
Industrial Development	245	-	14,693	10,118	4,820	-	4,820
Special Highway	5,348	-	10,168	3,892	11,624	109	11,733
Road and Interest Funds:							
Bond and Interest Fund	-	-	-	-	-	-	-
Trust Funds:							
McCrystal Trust	1,760	-	5,007	-	6,767	-	6,767
Business Funds:							
Electric Utility	159,230	400	564,619	535,177	189,072	51,996	221,068
Electric Utility Reserve	-	-	2,000	-	2,000	-	2,000
Sewer Utility	65,068	400	30,367	66,682	29,153	722	29,875
Sewer Utility Reserve	-	-	2,000	-	2,000	-	2,000
Water Utility	58,754	400	100,781	108,241	51,694	18,332	70,026
Water Utility Reserve	-	-	2,000	-	2,000	-	2,000
Sanitation Utility	13,592	-	45,748	43,760	15,580	40	15,620
Total reporting Entity (Excluding Agency Funds)	\$ 336,866	\$ 1,200	\$ 995,542	\$ 947,861	\$ 385,747	\$ 59,866	\$ 444,813
Composition of Cash:					Checking Account		\$ 209,813
					Certificates of Deposit		235,000
					Total Reporting Entity		\$ 444,813

The notes to the financial statements are an integral part of this statement.

**CITY OF LUCAS, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2012**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Municipal Financial Reporting Entity***

The City of Lucas, located in Russell County, Kansas, was incorporated in the late 1880's. The City is governed under the Mayor-Council form of government. Lucas engages in a minimal range of municipal services, including general government administration, water, sewer, electric, and refuse services for the residents of the City of Lucas. The City is a Kansas municipal corporation with a six member City Council comprised of the Mayor and five at large members.

The following related municipal entity has not been examined by certified public accountants.

**Lucas Library.** The City of Lucas' Public Library board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City.

***Regulatory Basis Fund Types***

**General Fund** - The chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

**Special Purpose Fund** - Used to account for the proceeds of specific tax levies and other specific revenue source (other than capital project and tax levies for long-term debt) that are intended for specified purpose.

**Bond and Interest Fund** - Used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

**Capital Project Fund** - Used to account for all financial resources used for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

**Business Fund** - Financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

**Trust Fund** - Used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.)

***Basis of Accounting***

***Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.*** The **Kansas Municipal Audit and Accounting Guide** regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.



**CITY OF LUCAS, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2012**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

***Reimbursements***

The City of Lucas records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

**NOTE B – BUDGETARY INFORMATION**

Kansas statutes require that an annual budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the

local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose fund: Special Road and Bridge Machinery Fund.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**CITY OF LUCAS, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2012**

**NOTE C – PROPERTY TAXES**

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County appraiser annually determines assessed valuations based on real estate transactions recorded by the Register of Deeds and personal property transactions reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county.

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are assessed on a calendar year basis and become a lien on property on November 1 of each year. The taxes are due one-half on December 20<sup>th</sup> and one-half the following May 10<sup>th</sup>. Any taxes unpaid at the due dates are considered delinquent.

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current operation of the City and therefore are not susceptible to accrual.

Undistributed taxes from the prior year levy are recognized as income in the current year. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material to the financial statements taken as a whole.

**NOTE D – DEPOSITS & INVESTMENTS**

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2012.

At December 31, 2012, the City's carrying value of deposits was \$444,813, and the bank balance was \$458,107. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by FDIC insurance and \$208,107 was collateralized with securities held by the pledging financial institutions' agent in the City's name.



**CITY OF LUCAS, KANSAS  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2012**

**NOTE D – DEPOSITS & INVESTMENTS, CONTINUED**

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

**NOTE E – DEFINED BENEFIT PENSION PLAN**

*Plan Description.* The City of Lucas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et. seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 and K.S.A. 74-4921 establish the KPERS member-employee contribution rates. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member- employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share.

**NOTE F – OTHER POST EMPLOYMENT BENEFITS**

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

**NOTE G – INTERFUND TRANSACTIONS**

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
Electric Utility	General	KSA 12-825d	\$ 40,000
General	Industrial	KSA 12-1,118	13,000
General	Airport	KSA 12-1,118	7,000
Electric Utility	Electric Reserve	KSA 12-1,117	2,000
Sewer Utility	Sewer Reserve	KSA 12-1,117	2,000
Water Utility	Water Reserve	KSA 12-1,117	2,000

**CITY OF LUCAS, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2012**

**NOTE H – COMPENSATED ABSENCES**

Seasonal employees are not eligible to earn compensated absences. Regular full time employees earn 1 day of sick leave for each month worked, up to 36 days. Thirty-six days of sick leave may be carried forward to the following year. An employee that terminates in good standing will be paid for unused sick leave up to 36 days at 1/2 their regular pay rate. Sick leave begins accruing on the first day of employment.

Regular full time employees earn vacation at the following rates:

<u>Years of Continued Employment</u>	<u>Hours Earned Per 2 Week Pay Period</u>	<u>Equivalent Work Days</u>
1st year	1.538	To be calculated
2-4	1.538	5
5-10	3.077	10
11+	4.615	15

Eighty hours of vacation leave may be carried forward to the following year. An employee that terminates in good standing will be paid for unused vacation leave. Vacation leave begins accruing on the first day of employment, but is not available to use until after the 90 day probationary period.

Bereavement leave of 3-5 days is available to regular full time employees, depending upon their relationship to the deceased.

**NOTE I – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City continues to carry commercial insurance for these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE J – CLAIMS AND JUDGEMENTS**

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**NOTE K – RELATED PARTY TRANSACTIONS**

In a governmental entity, related parties include members of the governing body, board members, administrative officials, and immediate families of administrative officials, board members, and members of the governing body. Required disclosures on related party transactions do not include compensation arrangements, expense allowance and similar items incurred in the ordinary course of operations. The following are not required to be reported, but are presented for information only.

	<u>2012</u>
Angel Accounting	\$1,150
Ryan Cook, treasurer is an employee	
Bennington State Bank	675
Trent Leach, council member spouse is an employee	

**CITY OF LUCAS, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2012**

**NOTE K – RELATED PARTY TRANSACTIONS. CONTINUED**

	<u>2012</u>
Leach & Naegele Trent Leach, council member is an owner	7,310
Lucas Area Chamber of Commerce Tarry Dougherty, council member spouse is an employee	10,000
Lucas Publishing Gary Bretz, utility superintendent spouse is an employee	2,616
Midway Coop Jennifer Bates, mayor spouse is an employee	76
Postmaster Tamera Seirer, council member is an employee	1,845
Wenthe Welding Sue Wenthe, council member spouse is an owner	116

**NOTE L – GRANTS**

On December 22, 2011, the City of Lucas was awarded a grant from the Kansas Department of Transportation (KDOT). The grant was used to repair and seal airfield pavements at the airport. KDOT funded 90% of the project in the amount of \$28,602. The project was completed in 2012.

**NOTE M – INDUSTRIAL REVENUE BONDS**

K.S.A. 12-1740 authorizes the City to issue Industrial Revenue Bonds to acquire, remodel, improve and equip certain facilities for commercial and industrial purposes and to enter into leases and lease-purchase agreements with any firm or corporation for such facilities.

In December 2007, the council approved Ordinance No. 372 authorizing the City to issue IRB's Series A, 2007 and Series B, 2007 (Great Plains Manufacturing, Inc.) in the aggregate principal amount of \$2,100,000. The City will accept ownership of the property and will lease it back to Great Plains Manufacturing, Inc. At the end of 2012 the principal balance of bond issuance Great Plains 07A was \$911,620 and bond issuance Great Plains 07B was \$167,198. The City, as issuer, has no obligation for the debt beyond the resources received from the third party.

**CITY OF LUCAS, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2012**

**NOTE N -- LONG-TERM DEBT**

Changes in long-term liabilities for the City of Lucas for the year ended December 31, 2012 were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Kansas Dept of Commerce	2.375%	07/01/09	\$100,000	06/15/14	\$59,791	\$0	\$21,191	\$38,600	\$138
Total Long-Term Debt					\$59,791	\$0	\$21,191	\$38,600	\$138

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	2013	2014	Total
<b>PRINCIPAL</b>			
Kansas Dept of Commerce	\$20,534	\$18,066	\$38,600
<b>INTEREST</b>			
Kansas Dept of Commerce	796	305	1,101
Total principal and interest	\$21,330	\$18,371	\$39,701

**NOTE O -- SUBSEQUENT EVENTS**

Management has evaluated the effects of the financial statements of subsequent events occurring through August 28, 2013 which is the date at which the financial statements were available to be issued.

REGULATORY-REQUIRED  
SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2012



# CITY OF LUCAS, KANSAS

## Summary of Expenditures - Actual and Budget Regulatory Basis For the Year Ended December 31, 2012

**Schedule 1**

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Under (Over)
Governmental Type Funds:					
General	\$ 216,822	\$ -	\$ 216,822	\$ 139,264	\$ 77,558
Special Purpose Funds					
Library	6,730	-	6,730	6,585	145
Airport	36,800	-	36,800	34,142	2,658
Industrial Development	17,177	-	17,177	10,118	7,059
Special Highway	24,106	-	24,106	3,892	20,214
Bond and Interest Fund					
Bond and Interest	21,329	-	21,329	-	21,329
Business Funds					
Electric Utility	799,399	-	799,399	535,177	264,222
Sewer Utility	90,000	-	90,000	66,682	23,318
Water Utility	126,130	-	126,130	108,241	17,889
Sanitation Utility	72,678	-	72,678	43,760	28,918
Total	<u>\$ 1,411,171</u>	<u>\$ -</u>	<u>\$ 1,411,171</u>	<u>\$ 947,861</u>	<u>\$ 463,310</u>

The notes to the financial statements are an integral part of this statement.

# CITY OF LUCAS, KANSAS

## Schedule of Receipts and Expenditures - Actual and Budget Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

Schedule 2-1

### GENERAL

		2012		Variance
	2011			Over
	Actual	Actual	Budget	(Under)
<b>Receipts</b>				
Ad valorem tax	\$ 36,530	\$ 36,100	\$ 41,549	\$ (5,449)
Delinquent tax	715	-	-	-
Motor vehicle tax	9,445	16,561	9,561	7,000
Licenses and permits	1,675	1,620	1,800	(180)
Sales tax	56,207	54,661	57,000	(2,339)
Franchise tax	9,946	9,115	15,000	(5,885)
Intangible tax	1,427	-	4,000	(4,000)
Rental Income	7,538	7,356	7,500	(144)
Grants and reimbursements	6,263	-	1,500	(1,500)
Municipal court	128	-	-	-
Interest on idle funds	291	414	1,000	(586)
Miscellaneous	11,855	7,784	-	7,784
Transfer from Electric Utility	45,000	40,000	40,000	-
<b>Total cash receipts</b>	<u>187,020</u>	<u>173,611</u>	<u>\$ 178,910</u>	<u>\$ (5,299)</u>
<b>Expenditures</b>				
Personal services	51,010	29,755	57,000	(27,245)
Employee benefits	23,372	16,630	12,000	4,630
Library	256	978	2,000	(1,022)
Contractual services	69,794	50,306	35,000	15,306
Commodities	8,117	9,628	25,000	(15,372)
Capital Outlay	2,628	9,575	52,822	(43,247)
Street Maintenance	6,334	2,392	20,000	(17,608)
Transfer to Industrial Development	-	13,000	13,000	-
Transfer to Airport	-	7,000	-	7,000
<b>Total expenditures and transfers subject to budget</b>	<u>161,511</u>	<u>139,264</u>	<u>\$ 216,822</u>	<u>\$ (77,558)</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis**

**For the Year Ended December 31, 2012**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)**

**Schedule 2-1**

**GENERAL**

		<u>2012</u>		
	2011	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
	<u>Actual</u>			
Expenditures (continued)				
Total expenditures and transfers	<u>161,511</u>	<u>139,264</u>		
Receipts over (under) expenditures	25,509	34,347		
Unencumbered cash balance, January 1	<u>6,451</u>	<u>31,960</u>		
Unencumbered cash balance, December 31	<u>\$ 31,960</u>	<u>\$ 66,307</u>		

The notes to the financial statements are an integral part of this statement.

# CITY OF LUCAS, KANSAS

## Schedule of Receipts and Expenditures - Actual and Budget Regulatory Basis For the Year Ended December 31, 2012 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

Schedule 2-2

### LIBRARY FUND

		2012		Variance
	2011			Over
	Actual	Actual	Budget	(Under)
Cash receipts				
Ad valorem tax	\$ 5,143	\$ 6,585	\$ 5,364	\$ 1,221
Delinquent tax	97	-	-	-
Motor vehicle tax	1,206	-	1,300	(1,300)
State Aid	-	-	46	(46)
Total cash receipts	<u>6,446</u>	<u>6,585</u>	<u>\$ 6,710</u>	<u>\$ (125)</u>
Expenditures				
Appropriations	6,446	6,585	6,730	(145)
SUI Expense	-	-	-	-
Total expenditures	<u>6,446</u>	<u>6,585</u>	<u>\$ 6,730</u>	<u>\$ (145)</u>
Receipts over (under) expenditures	-	-		
Unencumbered cash balance, January 1	<u>70</u>	<u>70</u>		
Unencumbered cash balance, December 31	<u>\$ 70</u>	<u>\$ 70</u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis**

**For the Year Ended December 31, 2012**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)**

**Schedule 2-3**

**AIRPORT FUND**

		<u>2012</u>		Variance Over (Under)	
	2011 Actual	Actual	Budget		
<b>Cash receipts</b>					
Ad valorem tax	\$ 1,513	\$ 2,161	\$ 1,713	\$ 448	
Motor vehicle tax	329	-	396	(396)	
Delinquent tax	27	-	300	(300)	
Miscellaneous income	-	200	-	200	
Grant Proceeds	-	28,602	28,602	-	
Transfer from Water	-	7,000	7,000	-	
	<u>1,869</u>	<u>37,963</u>	<u>\$ 38,011</u>	<u>\$ (48)</u>	
<b>Expenditures</b>					
Maintenance	-	31,897	2,775	29,122	
Insurance	1,853	2,245	2,245	-	
Miscellaneous	50	-	-	-	
Capital Outlay	-	-	31,780	(31,780)	
	<u>1,903</u>	<u>34,142</u>	<u>\$ 36,800</u>	<u>\$ (2,658)</u>	
Receipts over (under) expenditures	(34)	3,821			
Unencumbered cash balance, January 1	<u>873</u>	<u>839</u>			
Unencumbered cash balance, December 31	<u>\$ 839</u>	<u>\$ 4,660</u>			

The notes to the financial statements are an integral part of this statement.



# CITY OF LUCAS, KANSAS

## Schedule of Receipts and Expenditures - Actual and Budget Regulatory Basis For the Year Ended December 31, 2012 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

Schedule 2-4

### INDUSTRIAL DEVELOPMENT FUND

		2012		Variance
	2011			Over
	Actual	Actual	Budget	(Under)
Cash receipts				
Ad valorem tax	\$ 4,298	\$ 1,509	\$ 382	\$ 1,127
Motor vehicle tax	969	-	1,124	(1,124)
Delinquent tax	80	-	-	-
Interest	231	184	-	184
Transfer from General	-	13,000	13,000	-
Transfer from Electric Utility	3,500	-	-	-
Total cash receipts	9,078	14,693	\$ 14,506	\$ 187
Expenditures				
Contractual services	-	118	7,177	(7,059)
Chamber of Commerce	10,000	10,000	10,000	-
Total expenditures and transfers	10,000	10,118	\$ 17,177	\$ (7,059)
Total expenditures and transfers	10,000	10,118		
Receipts over (under) expenditures	(922)	4,575		
Unencumbered cash balance, January 1	1,167	245		
Unencumbered cash balance, December 31	\$ 245	\$ 4,820		

The notes to the financial statements are an integral part of this statement.

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)**

**Schedule 2-5**

**SPECIAL HIGHWAY FUND**

		<u>2012</u>		Variance Over (Under)
	<u>2011 Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash receipts				
State of Kansas	\$ 10,438	\$ 10,168	\$ 15,000	\$ (4,832)
Total cash receipts	<u>10,438</u>	<u>10,168</u>	<u>\$ 15,000</u>	<u>\$ (4,832)</u>
Expenditures				
Street Repair & Maintenance	5,196	3,699	24,106	20,407
Miscellaneous Expense	<u>-</u>	<u>193</u>	<u>-</u>	<u>(193)</u>
Total expenditures	<u>5,196</u>	<u>3,892</u>	<u>\$ 24,106</u>	<u>\$ 20,214</u>
Receipts over expenditures	5,242	6,276		
Unencumbered cash balance, January 1	<u>106</u>	<u>5,348</u>		
Unencumbered cash balance, December 31	<u>\$ 5,348</u>	<u>\$ 11,624</u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)**

Schedule 2-6

**BOND AND INTEREST FUND**

		2012		Variance Over (Under)
	2011 Actual	Actual	Budget	
Cash receipts				
Ad valorem tax	\$ -	\$ -	\$ 21,329	\$ (21,329)
Total cash receipts	-	-	\$ 21,329	\$ (21,329)
Expenditures				
Principal and interest	-	-	21,329	21,329
Total expenditures	-	-	\$ 21,329	\$ 21,329
Receipts over expenditures	-	-		
Unencumbered cash balance, January 1	-	-		
Unencumbered cash balance, December 31	\$ -	\$ -		

The notes to the financial statements are an integral part of this statement.

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures  
Regulatory Basis**

**For the Year Ended December 31, 2012**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)**

**Schedule 2-7**

**MCCRISTAL TRUST FUND**

	<u>2011 Actual</u>	<u>2012 Actual</u>
Cash receipts		
Donation	<u>\$ 6,725</u>	<u>\$ 5,007</u>
Total cash receipts	<u>6,724</u>	<u>5,007</u>
Expenditures		
Disbursements	<u>4,964</u>	<u>-</u>
Total expenditures	<u>4,964</u>	<u>-</u>
Receipts over expenditures	1,760	5,007
Unencumbered cash balance, January 1	<u>-</u>	<u>1,760</u>
Unencumbered cash balance, December 31	<u>\$ 1,760</u>	<u>\$ 6,767</u>

The notes to the financial statements are an integral part of this statement.

# CITY OF LUCAS, KANSAS

## Schedule of Receipts and Expenditures - Actual and Budget Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

Schedule 2-8

### ELECTRIC UTILITY

		2012		Variance
	2011			Over
	Actual	Actual	Budget	(Under)
<b>Cash receipts</b>				
Interest	\$ 3,238	\$ 1,229	\$ 3,000	\$ (1,771)
Sales	501,298	562,707	590,000	(27,293)
Miscellaneous	-	683	-	683
<b>Total cash receipts</b>	<u>504,536</u>	<u>564,619</u>	<u>\$ 593,000</u>	<u>\$ (28,381)</u>
<b>Expenditures</b>				
Personal services	82,691	53,960	110,000	(56,040)
Contractual	368,322	407,576	365,000	42,576
Commodities	11,887	10,312	30,000	(19,688)
Capital outlay	-	21,329	231,070	(209,741)
Debt Payment	21,329	-	-	-
Transfer to General	45,000	40,000	40,000	-
Transfer to Debt Service	-	-	21,329	(21,329)
Transfer to Industrial Development	3,500	-	-	-
Transfer to Electric Reserve	-	2,000	2,000	-
<b>Total Expenditures</b>	<u>532,729</u>	<u>535,177</u>	<u>\$ 799,399</u>	<u>\$ 264,222</u>
Receipts over (under) expenditures	(28,193)	29,442		
Unencumbered cash balance, January 1	187,423	159,230		
Prior Year Cancelled Encumbrances	-	400		
Unencumbered cash balance, December 31	<u>\$ 159,230</u>	<u>\$ 189,072</u>		

The notes to the financial statements are an integral part of this statement.



**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)**

Schedule 2-9

**SEWER UTILITY FUND**

		<u>2012</u>		Variance Over (Under)	
	2011 Actual	Actual	Budget		
Cash receipts					
Sales	\$ 23,580	\$ 30,367	\$ 30,000	\$ 367	
Total cash receipts	<u>23,580</u>	<u>30,367</u>	<u>\$ 30,000</u>	<u>\$ 367</u>	
Expenditures					
Personal services	5,434	44,122	45,000	(878)	
Contractual services	2,574	12,962	5,000	7,962	
Commodities	5,244	7,598	12,000	(4,402)	
Capital outlay	-	-	26,000	(26,000)	
Transfer to Sewer Reserve	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	
Total expenditures	<u>13,252</u>	<u>66,682</u>	<u>\$ 90,000</u>	<u>\$ (23,318)</u>	
Receipts over (under) expenditures	<u>10,328</u>	<u>(36,315)</u>			
Unencumbered cash balance, January 1	54,740	65,068			
Prior Year Cancelled Encumbrances	<u>-</u>	<u>400</u>			
Unencumbered cash balance, December 31	<u>\$ 65,068</u>	<u>\$ 29,153</u>			

The notes to the financial statements are an integral part of this statement.

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)**

**Schedule 2-10**

**WATER UTILITY FUND**

		<u>2012</u>		Variance Over (Under)	
	2011 Actual	Actual	Budget		
Cash receipts					
Sales	\$ 80,289	\$ 99,256	\$ 95,000	\$ 4,256	
Connection Fees	1,650	1,525	-	1,525	
Total cash receipts	<u>81,939</u>	<u>100,781</u>	<u>\$ 95,000</u>	<u>\$ 5,781</u>	
Expenditures					
Personal services	27,171	44,926	50,000	(5,074)	
Contractual	21,090	46,265	15,000	31,265	
Commodities	5,656	8,099	30,000	(21,901)	
Capital outlay	10	6,951	29,130	(22,179)	
Transfer to Water Reserve	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	
Total expenditures and transfers	<u>53,927</u>	<u>108,241</u>	<u>\$ 126,130</u>	<u>\$ (17,889)</u>	
Receipts over (under) expenditures	28,012	(7,460)			
Unencumbered cash balance, January 1	30,742	58,754			
Prior Year Cancelled Encumbrances	<u>-</u>	<u>400</u>			
Unencumbered cash balance, December 31	<u>\$ 58,754</u>	<u>\$ 51,694</u>			

The notes to the financial statements are an integral part of this statement.

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)**

Schedule 2-11

**SANITATION UTILITY FUND**

		<u>2012</u>		
	<u>2011</u>	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
	<u>Actual</u>			<u>(Under)</u>
Cash receipts				
Collections	\$ 45,093	\$ 45,748	\$ 50,000	\$ (4,252)
Expenditures				
Contractual services	44,181	43,760	72,678	(28,918)
Total expenditures	44,181	43,760	\$ 72,678	\$ (28,918)
Receipts over (under) expenditures	912	1,988		
Unencumbered cash balance, January 1	12,680	13,592		
Unencumbered cash balance, December 31	\$ 13,592	\$ 15,580		

The notes to the financial statements are an integral part of this statement.

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures  
Regulatory Basis**

**For the Year Ended December 31, 2012**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)**

**Schedule 2-12**

**ELECTRIC RESERVE FUND**

	<u>2011 Actual</u>	<u>2012 Actual</u>
Cash receipts		
Transfer from Electric	\$ -	\$ 2,000
Expenditures		
Capital Outlay	-	-
Receipts over (under) expenditures	-	2,000
Unencumbered cash balance, January 1	-	-
Unencumbered cash balance, December 31	<u>\$ -</u>	<u>\$ 2,000</u>

**SEWER RESERVE FUND**

	<u>2011 Actual</u>	<u>2012 Actual</u>
Cash receipts		
Transfer from Sewer	\$ -	\$ 2,000
Expenditures		
Capital Outlay	-	-
Receipts over (under) expenditures	-	2,000
Unencumbered cash balance, January 1	-	-
Unencumbered cash balance, December 31	<u>\$ -</u>	<u>\$ 2,000</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures  
Regulatory Basis**

**For the Year Ended December 31, 2012**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)**

**Schedule 2-13**

**WATER RESERVE FUND**

	<u>2011 Actual</u>	<u>2012 Actual</u>
Cash receipts		
Transfer	\$ -	\$ 2,000
Expenditures		
Capital Outlay	-	-
Receipts over (under) expenditures	-	2,000
Unencumbered cash balance, January 1	-	-
Unencumbered cash balance, December 31	<u>\$ -</u>	<u>\$ 2,000</u>

The notes to the financial statements are an integral part of this statement.